

NEWS FROM ED MARKEY

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42 NUCLEAR PLANTS LACK FUNDS TO CLEAN UP AFTER SHUTTING DOWN

GAO report finds that NRC is ineffective in monitoring decommissioning funds

WASHINGTON, DC - Representative Edward Markey (D-MA), a senior Democratic Member of the Energy and Commerce Committee today released a report prepared by the General Accounting Office (GAO) at his request, which found that many nuclear power plant owners are currently failing to set aside sufficient funding to pay for the costs of decommissioning nuclear plants after the end of their useful life.

"This report should open the eyes of the American people to the irresponsibility of many nuclear plant owners," said Rep. Markey, who added, "While happily pocketing their profits today, many plant owners are shirking their duty to save for tomorrow. Unless these companies change their tune, 42 of 122 nuclear plants built in the U.S. since the dawn of the nuclear age won't have enough money set aside to clean up the mess after they are permanently shut down – potentially leaving the taxpayers on the hook to pick up billions in clean-up costs."

After the shutdown of a nuclear power plant and the removal of spent fuel, a nuclear facility remains a significant radioactive waste hazard until all radioactive materials are removed and the site is fully decommissioned. Only 3 of the 125 nuclear plants constructed in the U.S. have been fully decommissioned, while 18 have been shut down but not fully cleaned up. In order to pay for cleanup, nuclear power plant owners are required to pay into decommissioning trust funds over the 40-year lifetime of their plants. The GAO report requested by Rep. Markey, "NRC Needs More Effective Analysis to Ensure Accumulation of Funds to Decommission Nuclear Power Plants" (GAO-04-32) examined the balances in decommissioning trust funds for 122 nuclear plants licensed by the NRC and held wholly or in part by 99 owners, through December 2000.

The GAO found that the trust funds for 42 plants, held wholly or in part by 33 owners, were smaller than the necessary benchmark to be on track for eventual cleanup. In addition, the trust funds for 31 plants held wholly or in part by 20 owners had smaller rates of contribution than necessary to be on track for eventual cleanup. The worst offenders are Exelon Generation Company (EGC) and the Tennessee Valley Authority (TVA). The trust funds for eleven of EGC's twenty plants and all six of TVA's plants are either below the benchmark or have too low a contribution rate to be fully funded at plant shut-down time. Nine other owners have insufficient trust funds for two or more of their nuclear plants, and twenty-nine are lagging on trust funds for a single plant. The plants with the poorest decommissioning fund status include Browns Ferry 1, 2 and 3 (Alabama); Dresden 1 (Illinois); Duane Arnold (Iowa); Indian Point 1 (New York); Peach Bottom 1 (Pennsylvania); Rancho Seco (California); and Zion 1 and 2 (Illinois). Six of these ten plants have already permanently shut down but are still awaiting full cleanup.

The NRC is required to monitor the value of decommissioning trust funds, and concluded in 2001 that all owners were on track to have enough funds for cleanup. In aggregate, the GAO agreed with this conclusion: the total value of all trust funds in 2000 was 47% higher than what was needed at that point to reach the \$33

billion estimated cost of cleaning up all U.S. nuclear plants when they retire. However, trust funds are specific to each nuclear plant, and in the case of joint ownership for a plant, each owner maintains a separate fund. The GAO found that in many cases the trust fund or funds for individual plants were insufficient despite the excess of aggregate funds. The GAO also found that in the case of many plants with multiple owners, while the total funds for the plant might be sufficient, one or more owners did not have enough funds to meet their share of the cleanup cost. Decommissioning trust funds are generally not transferable between multiple owners of a single plant.

The GAO concluded that the NRC failed to identify any of these fund shortages because of two failings in its trust fund monitoring methods. First, the NRC relied too heavily on owners' statements of future funding plans. Some owners' fund contributions in 2001 were much less than their statements on planned contributions. One owner contributed about \$1.5 million (39%) less than the amount they told NRC they planned to contribute. Second, the NRC failed to evaluate separately the multiple trust funds for joint-ownership plants, effectively assuming that owners with excess funds would balance those with insufficient funds, even though funds are generally not transferable between owners. Finally, the GAO also found that the NRC has not established specific criteria for responding to insufficient trust funds. The report concludes, "Without a more effective method for evaluating owners' decommissioning trust funds, and without criteria for responding to any unacceptable levels of financial assurance, NRC will not be able to effectively ensure that sufficient funds will be available when needed."

To establish benchmark trust fund levels and contribution rates, the GAO used a "most likely" set of economic assumptions. The report also analyzes trust fund balances and contributions under an optimistic and pessimistic set of economic assumptions. Using the most likely assumptions, twenty plants owners were below the benchmark for both balances and contributions. Under the optimistic assumptions, twelve of these owners would still be below the benchmark for both categories. Alternatively, thirty-four owners who were above the benchmark in both categories using the most likely assumptions would be below one or the other of the benchmarks under the pessimistic assumptions.

Rep. Markey concluded, "When a nuclear power plant is shut down, it leaves behind a huge radioactive public health hazard. The NRC is charged with protecting public health and safety. If it can't effectively monitor the trust funds for decommissioning, it can't guarantee that the companies that profited from selling nuclear energy will do their duty and clean up their mess. This failure by the NRC needs to be fixed immediately so decommissioning trust funds don't fall farther behind. Nuclear plant owners must clean up when they shut down."

A list of nuclear plants with insufficient decommissioning trust funds is attached. A copy of the GAO report and related information is available at Rep. Markey's website, <http://www.house.gov/markey>.

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